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GENERAL NO. 028

CIA-S

1. Israeli Foreign Minister given US views on Palestine --
Secretary Acheson has informed Israeli Foreign Minister Sharett that President Truman holds the following views regarding the Palestine situation: (a) Israel must be prepared to offer territorial concessions in exchange for any increase over the 29 November territorial allocation it wishes to retain; (b) the concept of internationalization for Jerusalem still should be supported, although local Arab and Israeli government might be arranged under trustee-ships recognizing international interest in the Holy Places; and (3) Israel should attempt immediate repatriation of perhaps one-fourth of the eligible Arab refugees. The Secretary pointed out that Israeli action on the refugee question would not only constitute a real contribution to a political settlement but would also "make it possible" for the President to continue his "strong and warm support of Israel." After Sharett had reiterated the Israeli position that the refugee problem can be solved only in a final settlement, the Secretary suggested that Israel at least indicate its willingness to accept a certain number of refugees and take further action as peace negotiations progress.

US Ambassador McDonald in Tel Aviv has been instructed to communicate the results of this interview to Prime Minister Ben Gurion and also to express the serious concern of the US over reports of an Israeli incursion into Syrian territory. McDonald is to state that confirmation of these reports would necessarily make a most unfavorable impression, particularly in view of the current consideration of Israel for membership in the UN.

NEAR EAST-AFRICA

2. SYRIA: US, British, and French Ministers favor recognition --
US Minister Keeley and his British and French colleagues in Damascus have reached the joint conclusion that the present

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- 1 - . Document No. 006

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regime in Syria should be granted full recognition as soon as the formation of the new government is officially announced to the diplomatic missions in Damascus. Keeley deprecates the unconstitutional means by which the new government has obtained power but points out that the government does exercise authority throughout Syria, has promised to respect Syria's international obligations, and has taken measures for re-establishment of a constitutional regime.

THE FAR EAST

3. **CHINA: Communist "ultimatum" to Li Tsung-jen**--US Ambassador Stuart has been informed by Acting President Li Tsung-jen's principal adviser that on 5 April Li received, through a non-Communist emissary from Peiping, a message which Li interprets as an ultimatum from the Communists. Stuart was advised that the message requests a high-ranking Nationalist official (either Li or Premier Ho Ying-chin) to proceed at once to Peiping to serve as vice chairman of the Army Reorganization Committee, of which Communist leader Mao Tse-tung will be chairman. The message reportedly indicates that formal conversations in the Army Reorganization Committee are to be held from 9-12 April and that Nationalist failure to send a representative or to reach agreement by the specified date will impel the Communist forces to cross the Yangtze River promptly.

C/A-5

(CIA Comment: CIA believes that this message is a Communist device to apply increased pressure on Li's Government in the current negotiations and is not a genuine Communist ultimatum. Although the Communists are capable of carrying out their threat of crossing the Yangtze, they probably do not want to force a breakdown of negotiations at this time.)

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